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THE CONGRESSIONAL BUDGET PROCESS

HOW IT WORKS

COMMITTEE ON THE BUDGET
UNITED STATES SENATE

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FOREWORD

The Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344), has become one of the most important laws affecting Congress' legislative agenda. Because of the increasing importance of the congressional budget process, the Budget Committee has received numerous inquiries for information about the operation of the budget process.

This Committee print provides a general explanation of the budget process, as well as a historical table of action on budget resolutions, examples of budget resolution language, and a glossary of budget terms.

Nothing in this volume is intended to represent the views of the Budget Committee or any of its members.

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INTRODUCTION

The U.S. Constitution gives the Congress the exclusive power to allocate the resources of the Federal Government. In order to accomplish this mammoth task, the Congress has developed three fiscal processes. First, the Congress has an *authorization process* which establishes Federal tax laws and creates Federal programs to respond to national needs. The Senate has 16 authorizing committees and the House has 19 authorizing committees that have jurisdiction over particular areas of national concern.

The second process is known as the *appropriations process.* While the authorizing committees are concerned with establishing Federal programs, the Appropriations Committee in each House of Congress is charged with the task of funding those programs.

The third—and newest—fiscal process in Congress is the congressional *budget process.* Under this process, the Congress annually establishes an overall fiscal policy on how much total spending and revenues ought to be and how total spending should be divided among the major functions of government such as defense, agriculture, health, and so forth. The purpose of this publication is to provide a general explanation of why we have a congressional budget process and how the process operates.

WHY HAVE A CONGRESSIONAL BUDGET PROCESS?

The congressional budget process was established with enactment of the Congressional Budget and Impoundment Control Act of 1974 (Budget Act). The impetus for establishment of a congressional budget process may be traced to two developments.

One development was an increasing realization in the Congress that it had no means to develop an overall budget plan. Prior to 1974 the Congress each year would receive the President's budget containing his many spending and revenue proposals and would proceed to act on those proposals individually. There existed no means for the Congress to establish its own total spending and revenue levels or broad spending priorities to serve as guidelines for both Houses to follow as they worked on specific spending and revenue bills during the summer.

A more immediate cause for the Budget Act was a dispute in the early 1970s over presidential authority to impound money appropriated by the Congress. President Nixon asserted authority to

withhold from Federal agencies money appropriated by Congress. Many in Congress disputed this authority.

These factors led key Members of Congress to study the problem, and in 1974 Congress enacted the Budget Act to establish procedures for developing an annual congressional budget plan and to achieve a system of impoundment control.

NEW INSTITUTIONS CREATED IN 1974

In order to implement the congressional budget process, the Budget Act created the Senate and House Budget Committees and the Congressional Budget Office.

The Budget Committees of the Senate and House are responsible for drafting Congress' annual budget plan for the Federal Government for consideration by the full House and Senate. Unlike the authorizing and appropriating committees, which focus on individual Federal programs, the Budget Committees focus on the Federal budget as a whole, and how it affects the national economy. In this way, the Budget Act created congressional institutions whose unique concern is Federal budgetary policy.

The Congressional Budget Office (CBO) supports the congressional budget process by providing economic and program analyses and cost information on existing and proposed Federal programs. The Budget Committees are major users of such information, along with other committees and Members of Congress who are involved in the budget process. The framers of the Budget Act saw a need to provide the Congress with its own independent, nonpartisan budget professionals similar to those who serve the President in his Office of Management and Budget (OMB).

HOW THE PROCESS WORKS

The Fiscal Year

In order to keep track of its revenues and expenditures in an orderly way, the Federal Government has established a 12-month period known as the "fiscal year." Prior to 1974, the Federal Government's fiscal year had been July 1 through June 30. However in 1974, the Budget Act shifted the fiscal year forward to October 1 through September 30 in order to allow sufficient time for the new congressional budget process. In reading about the various steps of the congressional budget process, keep October 1 in mind as a target for completion of each year's budget process.

The fiscal year is designated by the calendar year in which it ends. Thus the period October 1, 1985–September 30, 1986 is fiscal year 1986.

January/February: Receipt of President's Budget Request

The first thing Congress needs to know in building a budget is what the executive branch believes is appropriate to fund the operations of the Federal Government. The President is therefore re-

quired to submit to Congress in late January or early February the Administration's budget request (the President's budget) for the upcoming fiscal year that begins the following October 1. In order to meet this deadline, the Administration needs to begin preparing its budget request the prior spring and summer. For example, consider the budget process for fiscal year 1986. The President's budget request for fiscal year 1986 (October 1, 1985–September 30, 1986) was transmitted to Congress in early February 1985. The Administration began working with Federal agencies to prepare its budget request for fiscal year 1986 roughly a year-and-a-half prior to the start of fiscal year 1986.

February/March: Budget Committee Hearings, Committee Views and CBO Report

After receiving the President's budget request, the Senate and House Budget Committees hold hearings at which they receive testimony from Administration officials, experts from academic and business communities, representatives of national organizations, Members of Congress, and the general public. During the same period the other committees of Congress review the President's budget and transmit to the Budget Committees by March 15 their "views and estimates" on appropriate spending or revenue levels for programs in their jurisdiction. In addition, usually during February, CBO sends to the Budget Committees its annual report analyzing the President's request, budgetary options, and the economic outlook.

March/April: Budget Committees Draft Budget Resolution

The Senate and House Budget Committees—using the President's budget request, information from their hearings, views and estimates from other committees, and CBO's reports—each draft a congressional budget plan during March or early April in a series of public committee meetings called "mark-ups." The budget plan is known as the first concurrent resolution on the budget (budget resolution).

The budget resolution is composed of two basic parts: (1) budget totals and (2) spending broken down by function. Although the Budget Act only requires amounts for the upcoming fiscal year, recent budget resolutions have also included amounts for the 2 years beyond the upcoming year. The budget totals set forth what the Congress considers to be the appropriate amounts for total spending, total revenues, and the resulting deficit or surplus. In setting these budget totals, Congress considers the impact of the Federal budget on the national economy and establishes Federal fiscal policy for the coming fiscal year.

Federal spending broken down by function—the second basic part of the budget resolution—gives the Congress a mechanism for establishing Federal spending priorities. This is accomplished by dividing up Federal spending among 21 different classifications such as national defense, agriculture, and health. These classifications, known as "budget functions," provide the Congress with a means of allocating Federal resources among broad categories of spending.

In addition to budget totals and spending by function, budget resolutions have recently included a procedure directing committees to change existing law. This procedure is known as "reconciliation." Under this procedure, the budget resolution includes provisions in which the Congress directs its committees to report legislation by a certain date which decreases spending or increases revenues by a specified amount by making changes in laws within the committees' respective jurisdictions.[1] The committee-reported reconciliation legislation is then packaged together and considered by the Congress as a single reconciliation bill.

Reconciliation was originally set forth in the Budget Act as a relatively minor procedure which could be invoked late in the budget process to make small changes in appropriations or tax bills. Such bills were to be "reconciled" with a second budget resolution in September. However, since 1980 it has become a major component of several first budget resolutions. An important reason for this is that reconciliation provides Congress with a mechanism to achieve reduced spending for entitlement programs as part of its budget plan. This is difficult to do simply by setting lower entitlement spending levels in the budget resolution because entitlement laws *require* the Government to pay specified benefits to qualifying individuals *unless* those laws are changed. The amount of money needed to fund an entitlement for a given year is determined by the number of people qualifying for benefits—not by annual appropriations decisions. Reconciliation therefore helps the Congress to achieve its budget plan savings from entitlement programs by instructing committees to change existing entitlement laws. This is especially useful since entitlements comprise almost one-half of the Federal budget.

May 15: Congress Adopts Budget Resolution and Committees Complete Authorizing Legislation

When the Budget Committees complete action on formulating a budget resolution, they report their respective resolutions to the full Senate and full House by April 15. All Senators and Congressmen then have an opportunity to alter the work of the Budget Committees by offering amendments to the budget resolution as it is debated on the Senate or the House floor. When the Senate and House have both passed their respective versions of the budget resolution, they appoint several of their Members to a conference committee to resolve the differences between the Senate- and House-passed resolutions. When differences have been resolved, each chamber must then vote on the compromise version of the budget resolution. The Budget Act sets May 15 as the date for completion of this work.

Since the budget resolution is designed solely to guide the *Congress* in its detailed deliberations on the budget, it is in the form of a *concurrent* resolution which is agreed to by both Houses but is not a public law and is not signed by the President.

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[1] Reconciliation can also be used to increase spending or decrease revenues, but that occurs very infrequently.

In order to begin working on appropriations (spending) bills in late May, the Congress needs to have completed authorizing legislation, as well as a budget plan. Whereas the budget plan establishes spending ceilings and broad priorities for the *total budget,* authorizing legislation establishes or continues the *individual programs* that may be funded by the Federal Government. The Budget Act therefore sets May 15 as the deadline for completion of committee work on authorizing legislation, so that the process of authorizing individual programs does not delay the subsequent appropriations process.

May–September: Spending and Revenue Bills

After the Congress has adopted a budget plan and authorized Federal programs, it proceeds to work on specific spending and revenue measures. Since action on spending measures begins in committees, the budget process must have a way of translating total spending levels into guidelines for the committees. The budget process accomplishes this by allocating the spending in each of the 21 functions among the spending committees. Each committee therefore ends up with a target for the spending bills in its jurisdiction that is consistent with the overall budget plan. This procedure of allocating the budget plan's spending levels among the spending committees is known informally as "crosswalking." Committee crosswalks for both the House and Senate are set out in the report of the conference committee on the budget resolution.

The allocations under the budget resolution serve as guidelines to the committees as they proceed with their individual spending bills. The allocations also allow the full Senate and House, as they debate and adopt individual spending bills, to determine whether or not the bill they are debating fits within the budget plan.

In similar fashion, the revenue level in the budget resolution serves as a guide to the Senate Finance Committee and the House Ways and Means Committee (the congressional taxwriting committees) as they proceed with bills to raise or lower taxes.

Under the terms of the Budget Act, action on individual spending and tax bills is supposed to be completed by early September so that work on the budget is finished before the fiscal year begins on October 1. Frequently action on appropriation bills is not completed by October 1, necessitating the passage of a "continuing resolution" to provide appropriations on a temporary basis until the regular appropriation bills are enacted. A continuing resolution is a form of appropriation bill and should not be confused with the budget resolution.

October 1: The New Fiscal Year—Making the Budget Resolution Binding

During the summer months, as Congress works on spending and revenue measures for the upcoming fiscal year, the levels set in the budget resolution stand as targets for spending action by the Congress. The Budget Act calls for the Congress, after completing its work on spending and revenue measures, to adopt in September a second budget resolution which would affirm or revise the spending

and revenue totals in the first budget resolution and make them binding instead of only targets. However, in recent years the Congress has found that trying to adopt another budget resolution so soon after the first budget resolution is unrealistic and unproductive. Consequently, beginning with fiscal year 1983, Congress dispensed with the second budget resolution and adopted the practice of making its first budget resolution totals automatically binding on October 1—the start of the fiscal year.

After the budget resolution spending and revenue totals become binding, any Senator or Congressman may object to Senate or House consideration of any bill which would cause the spending or revenue totals in the resolution to be breached. If a spending or revenue measure is objected to, it cannot be considered, absent a waiver of budgetary rules.

If changing economic circumstances or policy requirements dictate, the Congress may revise its budget resolution during the fiscal year, thereby altering the spending and revenue totals. While this may be done at any time during the fiscal year, the Congress in recent years has followed the practice of revising the budget plan for the current fiscal year as part of the initial budget resolution for the upcoming fiscal year. For example, the first budget resolution for fiscal year 1985 also revised the budget totals for fiscal year 1984.

IMPOUNDMENT CONTROL

As mentioned earlier, one cause for enactment of the Budget Act was a dispute in the early 1970s over presidential authority to impound money appropriated by the Congress. Title X of the Budget Act sets up legal procedures to prevent a recurrence of this dispute.

Under these procedures, the President may propose to defer using an amount of budget authority until later in the fiscal year or he may propose to rescind (cancel) an amount of budget authority altogether, but in either case he must notify the Congress. A deferral proposed by the President stands unless Congress passes a law disapproving the postponement. A rescission proposed by the President does not occur unless Congress passes a law approving the cancellation.

IMPORTANT CHARACTERISTICS OF THE CONGRESSIONAL BUDGET PROCESS

The Process Is Congress' Own

The Budget Act established a new process and new institutions which enable the Congress to develop its own budget plan each year. The Congress is no longer limited to acting on the President's budget request on a piecemeal basis. Congressional budget resolutions allow the Congress to act on funding requests within the framework of its own budget plan.

The Process Sets Parameters—Not Details

Budget resolutions set overall spending and revenue totals and broad spending priorities. The other committees of Congress work out the details of the spending and revenue bills, as they did prior to adoption of the Budget Act.

The Process Is Designed To Be Result Neutral

The Budget Act was not adopted to promote any particular fiscal objective or set of spending priorities. Rather, it was designed to give Congress the means to see how its many spending and revenue actions—taken together—affect the economy and to establish whatever fiscal policy and spending priorities it wishes. The budget process is designed to work for any majority that develops.

The Process Is Public

Unlike formulation of the President's budget, the congressional budget process is developed in full public view. This is true of the Budget Committees' hearings and markups, the Senate and House floor debates, and the Senate/House conference meetings on budget resolutions.

The Process Is Adaptable

A key to the vitality of the budget process has been its ability to adapt to the changing needs of the Congress. For example, when the Congress needed a way to achieve the entitlement changes assumed in its budget resolutions, it transformed the reconciliation process from a minor component of the second budget resolution into a major component of the first budget resolution. And when Congress found that producing a second budget resolution was not a productive use of its time, it found a way to make its first budget resolution totals binding on October 1—obviating the need for a second budget resolution in September.

BUDGET CONCEPTS

Federal Revenues

Revenues in congressional budget resolutions consist of the money taken in by the Government through exercise of its sovereign taxing power. This includes individual and corporate income taxes, social insurance taxes (such as social security payroll taxes), excise taxes, estate and gift taxes, customs duties, and the like.

Revenues in the budget do not include receipts received by the Federal Government for sale of products or services rendered (such as sale of timber from Federal lands or entrance fees for national parks). Such receipts are netted against the Federal spending totals in the budget and are thus called "offsetting receipts."

Federal Spending

Spending levels in congressional budget resolutions consist of two types of numbers: *budget authority* and *outlays*. Outlays are disbursements by the Treasury. When the Treasury issues a check in fiscal year 1985, that is a fiscal year 1985 outlay. Budget authority, on the other hand, is legal authority for an agency to enter into obligations which will result in outlays. When Congress appropriates funds for a particular program, it is enacting budget authority—not outlays.

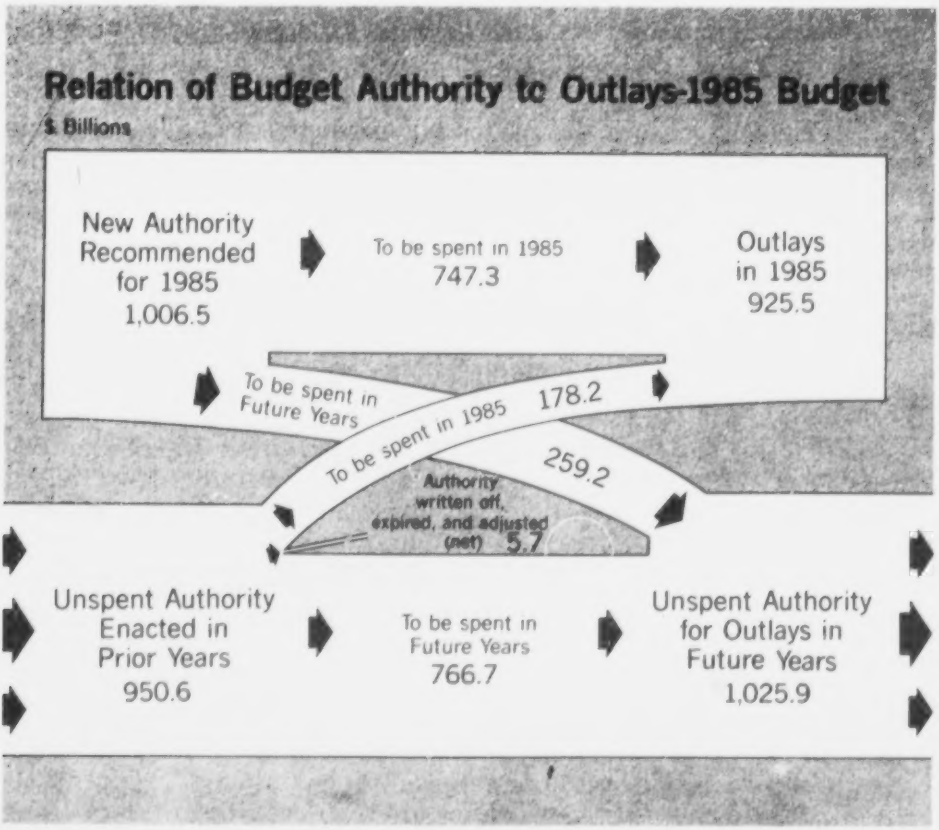
To illustrate the relationship of budget authority to outlays, assume that the Congress has decided to build a ship costing $1 billion. The Congress would appropriate $1 billion of new budget authority for a ship in the defense appropriation bill for the new fiscal year. This means that the Department of Defense has legal authority to enter into obligations totaling $1 billion during the new fiscal year. However, this budget authority will only result in outlays when the shipbuilders are issued checks by the Treasury. If the contractors are paid only upon completion of each stage of the construction, the $1 billion of budget authority could result in outlays over several years.

In other cases, new budget authority appropriated for a fiscal year results in outlays during that same fiscal year. An example of this is appropriations for salaries.

Figure 1 illustrates the overall relationship of budget authority to outlays. In this diagram taken from the President's fiscal year 1985 budget, $1.006 trillion in new budget authority is requested for fiscal year 1985. It is estimated that this new authority to obligate the Federal Government during fiscal year 1985 would result in outlays of $747 billion in fiscal year 1985 and outlays of $259 bil-

lion in future years. The remaining $178 billion within the $925 billion in total outlays estimated for fiscal year 1985 comes from budget authority enacted in prior fiscal years.

FIGURE 1


Relation of Budget Authority to Outlays-1985 Budget
$ Billions
New Authority Recommended for 1985 1,006.5
To be spent in 1985 747.3
Outlays in 1985 925.5
To be spent in Future Years
To be spent in 1985 178.2
259.2
Authority written off, expired, and adjusted (net) 5.7
Unspent Authority Enacted in Prior Years 950.6
To be spent in Future Years 766.7
Unspent Authority for Outlays in Future Years 1,025.9

Source: Office of Management and Budget.

Budget Deficit/Surplus and the Federal Debt

A budget deficit or surplus is calculated by figuring the difference between outlays and revenues for a given fiscal year. For example, in fiscal year 1984 revenues were $666 billion and outlays were $851 billion, yielding a budget deficit of $185 billion.

In contrast to an annual deficit, the Federal debt is the accumulated debt of the Federal Government. Whenever the Federal Government runs a budget deficit, the additional borrowing to finance the deficit *adds* to the Federal debt. By contrast, whenever the Federal Government runs a budget surplus, the Federal debt *decreases* because the Treasury can use the surplus to redeem some of the outstanding debt.

Federal law contains a statutory limit on the Federal debt, commonly called the debt ceiling. If the activities of the Government require a higher limit, Congress must enact a law to raise the debt ceiling. For fiscal year 1985, the debt ceiling was approximately $1.8 trillion.

Baseline

In order to formulate a budget resolution, the Senate and House Budget Committees need to have a starting point. The starting point they most often use is a set of projections showing the levels of spending and revenues that would occur for the upcoming fiscal year and beyond if existing programs and policies are continued unchanged, with all programs adjusted for inflation so that existing levels of activity are maintained. These projections are known as a current policy (or current services) baseline. In considering proposed levels of spending and revenues, Senators and Congressmen usually describe their proposals as being above, below, or equal to the baseline.

Major Types of Federal Spending

Senators and Congressmen sometimes propose budget plans which divide Federal spending into four conceptual components: entitlements, defense spending, nondefense discretionary spending, and interest payments.

Entitlements are laws which require the Government to pay specified benefits to qualifying individuals. The fundamental characteristic of an entitlement is the absence of annual decisions on funding levels. Instead, formulas included in laws establishing the entitlements determine how much money the Government has obligated itself to spend. For example, the social security laws prescribe formulas under which retired workers receive benefits based on the length of time they have worked and their earnings. The cost of social security for a given fiscal year is thus determined by the number of qualifying retirees rather than by annual appropriations decisions. In this way entitlement programs are sometimes thought of as nondiscretionary, since their funding requirements are determined by the legislation which set up the programs and not by annual funding decisions.

By contrast, *nondefense discretionary spending* refers to those nondefense programs which are subject to annual funding decisions in the appropriations process. If the Congress decides to lower funding for a program of this type, it can simply reduce the annual appropriation. Unlike entitlement programs, there are no formulas which have to be changed to alter funding levels.

Defense spending simply refers to Federal spending for the national defense. Nearly all defense spending is discretionary in nature. *Interest payments* are payments to individuals, corporations, or other entities who hold notes which finance the Federal debt.

Appendix I

HISTORICAL TABLE: BUDGET RESOLUTIONS AND RECONCILIATION BILLS

Fiscal year	First concurrent resolution adopted	Second concurrent resolution adopted
1976	May 14, 1975 (H. Con. Res. 218)	December 12, 1975 (H. Con. Res. 466).
1977	May 13, 1976 (S. Con. Res. 109)	September 16, 1976 (S. Con. Res. 139).[1]
1978	May 17, 1977 (S. Con. Res. 19)	September 15, 1977 (H. Con. Res. 341).
1979	May 17, 1978 (S. Con. Res. 80)	September 23, 1978 (H. Con. Res. 683).
1980	May 24, 1979 (H. Con. Res. 107)	November 28, 1979 (S. Con. Res. 53; replaced S. Con. Res. 36).
1981	June 12, 1980 (H. Con. Res. 307)	November 20, 1980 (H. Con. Res. 448).
1982	May 21, 1981 (H. Con. Res. 115)	December 10, 1981 (S. Con. Res. 50).
1983	June 23, 1982 (S. Con. Res. 92)	(2)
1984	June 23, 1983 (H. Con. Res. 91)	(2)
1985	October 1, 1984 (H. Con. Res. 280)	(2)
1986	August 1, 1985 (S. Con. Res. 32)	(2)

Reconciliation bills	Passed by Congress
Omnibus Reconciliation Act of 1980	December 3, 1980 (P.L. 96–499).
Omnibus Budget Reconciliation Act of 1981	July 31, 1981 (P.L. 97–35).
Omnibus Budget Reconciliation Act of 1982	August 18, 1982 (P.L. 97–253).
Tax Equity and Fiscal Responsibility Act of 1982	August 19, 1982 (P.L. 97–248).
Omnibus Budget Reconciliation Act of 1983	April 5, 1984 (P.L. 98–270).

[1] A third concurrent resolution on the budget for FY 1977 was adopted by the Congress on Mar. 3, 1977 (S. Con. Res. 10).

[2] The first concurrent resolution totals automatically become binding on October 1 if no second budget resolution is adopted.

Appendix II

EXAMPLE OF BUDGET RESOLUTION TOTALS

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1984 is hereby revised and replaced, the first concurrent resolution on the budget for fiscal year 1985 is hereby established, and the appropriate budgetary levels for fiscal years 1986 and 1987 are hereby set forth:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1983, October 1, 1984, October 1, 1985, and October 1, 1986:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1984: $672,900,000,000.
Fiscal year 1985: $750,900,000,000.
Fiscal year 1986: $810,800,000,000.
Fiscal year 1987: $881,000,000,000.

and the amounts by which the aggregate levels of Federal revenues should be changed are as follows:

Fiscal year 1984: $0.
Fiscal year 1985: −$300,000,000.
Fiscal year 1986: −$100,000,000.
Fiscal year 1987: −$100,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1984: $40,000,000,000.
Fiscal year 1985: $45,400,000,000.
Fiscal year 1986: $52,000,000,000.
Fiscal year 1987: $57,200,000,000.

and the amounts for Federal Insurance Contributions Act revenues for old-age, survivors, and disability insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1984: $166,200,000,000.
Fiscal year 1985: $188,700,000,000.
Fiscal year 1986: $204,500,000,000.
Fiscal year 1987: $221,100,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1984: $918,900,000,000.
Fiscal year 1985: $1,021,350,000,000.
Fiscal year 1986: $1,103,800,000,000.
Fiscal year 1987: $1,200,250,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1984: $845,600,000,000.
Fiscal year 1985: $932,050,000,000.
Fiscal year 1986: $1,003,550,000,000.
Fiscal year 1987: $1,088,600,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1984: $172,700,000,000.
Fiscal year 1985: $181,150,000,000.
Fiscal year 1986: $192,750,000,000.
Fiscal year 1987: $207,600,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1984: $1,575,700,000,000.
Fiscal year 1985: $1,823,800,000,000.
Fiscal year 1986: $2,090,000,000,000.
Fiscal year 1987: $2,377,600,000,000.

Source: First Concurrent Resolution on the Budget—Fiscal Year 1985.

Appendix III

BUDGET FUNCTIONS

050: National Defense

150: International Affairs

250: General Science, Space, and Technology

270: Energy

300: Natural Resources and Environment

350: Agriculture

370: Commerce and Housing Credit

400: Transportation

450: Community and Regional Development

500: Education, Training, Employment, and Social Services

550: Health

570: Medical Insurance

600: Income Security

650: Social Security

700: Veterans Benefits and Services

750: Administration of Justice

800: General Government

850: General Purpose Fiscal Assistance

900: Net Interest

920: Allowances

950: Undistributed Offsetting Receipts

Appendix IV

EXAMPLE OF SPENDING BY BUDGET FUNCTION

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1984 through 1987 for each major functional category are:

(1) National Defense (050):

Fiscal year 1984:

(A) New budget authority, $264,150,000,000.
(B) Outlays, $230,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $292,900,000,000.
(B) Outlays, $262,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $324,700,000,000.
(B) Outlays, $288,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $359,800,000,000.
(B) Outlays, $321,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1984:

(A) New budget authority, $22,000,000,000.
(B) Outlays, $12,300,000,000.
(C) New direct loan obligations, $9,100,000,000.
(D) New primary loan guarantee commitments, $8,650,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1985:

(A) New budget authority, $20,800,000,000.
(B) Outlays, $16,500,000,000.
(C) New direct loan obligations, $9,500,000,000.
(D) New primary loan guarantee commitments, $9,300,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $18,750,000,000.
(B) Outlays, $16,000,000,000.
(C) New direct loan obligations, $11,800,000,000.
(D) New primary loan guarantee commitments, $10,000,000,000.
(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $19,500,000,000.
(B) Outlays, $16,000,000,000.
(C) New direct loan obligations, $12,800,000,000.
(D) New primary loan guarantee commitments, $10,400,000,000.
(E) New secondary loan guarantee commitments, $0.

Source: First Concurrent Resolution on the Budget—Fiscal Year 1985.

Appendix V

EXAMPLE OF RECONCILIATION INSTRUCTIONS

SEC. 3. (a) Not later than July 22, 1983, Senate committees named in subsections (b) through (e) of this section shall submit their recommendations to the Senate Committee on the Budget and not later than July 22, 1983, the House committees named in subsections (f) through (l) of this section shall submit their recommendations to the House Budget Committee. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

(b)(1) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $400,000,000 in fiscal year 1984; to reduce outlays by $500,000,000 in fiscal year 1985; and to reduce outlays by $800,000,000 in fiscal year 1986.

(2) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: $12,000,000,000 in fiscal year 1984; $15,000,000,000 in fiscal year 1985; and $46,000,000,000 in fiscal year 1986.

(c) The Senate Committee on Governmental Affairs shall report changes [in laws] within the jurisdiction of that committee, (1) sufficient to achieve savings in budget authority and outlays, or (2) which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, or (3) any combination thereof, as follows: $1,619,000,000 in budget authority and $1,900,000,000 in outlays in fiscal year 1984; $2,332,000,000 in budget authority and $2,841,000,000 in outlays in fiscal year 1985; and $3,235,000,000 in budget authority and $4,144,000,000 in outlays in fiscal year 1986.

(d) The Senate Committee on Small Business shall report changes in laws within the jurisdiction of that committee which will result in savings in budget authority and outlays, as follows: $139,000,000 in budget authority and $287,000,000 in outlays in fiscal year 1984; $555,000,000 in budget authority and $466,000,000 in outlays in fiscal year 1985; and $544,000,000 in budget authority and $443,000,000 in outlays in fiscal year 1986.

(e) The Senate Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority by $228,000,000 and outlays by $226,000,000 in fiscal year 1984; to reduce budget authority by $139,000,000 and outlays by $138,000,000 in fiscal year 1985; and to reduce budget authority by $141,000,000 and outlays by $140,000,000 in fiscal year 1986.

Source: First Concurrent Resolution on the Budget—Fiscal Year 1984.

Appendix VI

EXAMPLE OF COMMITTEE CROSSWALKS

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SEC. 302 OF THE CONGRESSIONAL BUDGET ACT, FISCAL YEAR 1985

[In millions of dollars]

Committees	Direct spending jurisdiction		Entitlements funded in annual appropriation acts	
	Budget authority	Outlays	Budget authority	Outlays
Appropriations	559,953	546,187	.....	.....
Agriculture, Nutrition, and Forestry	5,475	15,343	8,824	127
Armed Services	36,300	24,712	178	189
Banking, Housing, and Urban Affairs	1,937	−2,314	.....	.....
Commerce, Science, and Transportation	1,705	109	325	341
Energy and Natural Resources	1,373	960	63	61
Environment and Public Works	15,554	580	6	6
Finance	510,653	480,445	47,583	50,057
Foreign Relations	13,848	13,370	.....	.....
Governmental Affairs	50,419	33,938	([1])	([1])
Judiciary	494	476	79	79
Labor and Human Resources	3,851	2,746	5,870	5,800
Rules and Administration	52	11	.....	.....
Small Business	.....	.....	.....	.....
Veterans' Affairs	1,526	1,175	15,681	15,707
Select Indian Affairs	486	484	.....	.....
Not allocated to committees	−182,275	−186,171	.....	.....
Total, budget	1,021,350	932,050	78,609	72,369

[1] Less than $500,000.

Source: Joint Explanatory Statement of the Committee of Conference on the First Concurrent Resolution on the Budget—Fiscal Year 1985.

Appendix VII

TERMS USED IN THE CONGRESSIONAL BUDGET PROCESS

Note: This is intended to be a glossary of only the most common terms used in the congressional budget process. For a complete glossary, see "A Glossary of Terms Used in the Federal Budget Process" published by the U.S. General Accounting Office.

Appropriation Act

A statute, under the jurisdiction of the House and Senate Appropriations Committees, that generally provides authority for Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. An appropriation act is the most common means of providing budget authority. Currently there are 13 regular appropriation acts for each fiscal year. From time to time, Congress also enacts supplemental appropriation acts. (*See* "Appropriations" under Budget Authority; Continuing Resolution; Supplemental Appropriation.)

Authorizing Committee

A committee of the House or Senate with legislative jurisdiction over laws that set up or continue the operations of Federal programs and provide the legal basis for making appropriations for those programs. Authorizing committees also have direct control over spending for entitlement programs since the Government's obligation to make payments for such programs is contained in the authorizing legislation. (*See* Entitlements.)

Authorizing Legislation

Legislation enacted by Congress that sets up or continues the operation of a Federal program or agency either indefinitely or for a specific period of time. Authorizing legislation may place a cap on the amount of budget authority which can be appropriated for a program or may authorize the appropriation of "such sums as are necessary." Under congressional rules, authorizing legislation is normally a prerequisite for appropriations. (*See* Budget Authority; Entitlements.)

Baseline, Current Policy

A set of projections showing the levels of spending and revenues that would occur for the upcoming fiscal year and beyond if existing programs and policies are continued unchanged, with all programs adjusted for inflation so that existing levels of activity are maintained. (*See* Current Services Budget.)

Budget Authority

The authority Congress gives to Government agencies, permitting them to enter into obligations which will result in immediate or future outlays, except that budget authority does not include authority to insure the repayment of loans held by another person or government.

Budget authority may be classified in several ways. It may be classified by the form it takes: appropriations, borrowing authority, or contract authority. Budget authority may also be classified by the determination of amount: definite authority or indefinite authority. Finally, budget authority may be classified by the period of availability: 1-year authority, multi-year authority, or no-year authority (available until used).

Forms of Budget Authority

APPROPRIATIONS.—An act of Congress that permits Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. An appropriation act is the most common means of providing budget authority.

BORROWING AUTHORITY.—Statutory authority that permits a Federal agency to incur obligations and to make payments for specified purposes out of money borrowed from the Treasury, the Federal Financing Bank, or the public. The Budget Act in most cases requires that new authority to borrow must be approved in advance in an appropriation act.

CONTRACT AUTHORITY.—Statutory authority that permits a Federal agency to enter into contracts in advance of appropriations. Under the Budget Act, most new authority to contract must be approved in advance in an appropriation act.

Determination of Amount

DEFINITE AUTHORITY.—The dollar amount of budget authority is contained in the law.

INDEFINITE AUTHORITY.—The dollar amount of budget authority is not contained in the law; instead the law would provide "such sums as may be necessary."

Period of Availability

ONE-YEAR AUTHORITY.—Budget authority that is available for obligation only during a specified fiscal year.

MULTI-YEAR AUTHORITY.—Budget authority that is available for a specified period of time in excess of 1 fiscal year.

NO-YEAR AUTHORITY.—Budget authority that remains available for obligation for an indefinite period of time (until the objectives for which the authority was made available are attained).

Budget Deficit

The amount by which the Government's outlays exceed its revenues for a given fiscal year. (*see* Outlays; Revenues.)

Budget Resolution

A resolution passed by both chambers of Congress setting forth, reaffirming, or revising the congressional budget for the U.S. Government for a fiscal year. A budget resolution is a concurrent resolution of Congress. Concurrent resolutions do not require a presidential signature because they are not laws. Budget resolutions are made in this form because they are intended to guide the Congress as it works on spending and revenue bills.

The first budget resolution (entitled the First Concurrent Resolution on the Budget) establishes targets for spending and revenue action. It is to be adopted by May 15. Although the Congressional Budget and Impoundment Control Act calls for a second resolution to set binding spending and revenue totals by September 15, recent practice has been for Congress instead to make the *first* resolution targets automatically binding as of October 1.

Additional concurrent resolutions revising the previously established budget levels may be adopted by Congress at any time. It is the usual practice for Congress to revise budget levels for the current fiscal year as part of the first budget resolution for the upcoming fiscal year.

Budget Surplus

The amount by which the Government's revenues exceed its outlays for a given fiscal year. (*see* Outlays; Revenues.)

Congressional Budget

(*See* Budget Resolution.)

Continuing Resolution

Appropriations legislation enacted by Congress to provide temporary budget authority for Federal agencies to keep them in operation when their regular appropriations bill has not been enacted by the start of the fiscal year. A continuing resolution is a joint resolution, which has the same legal status as a bill.

A continuing resolution frequently specifies a maximum rate at which obligations may be incurred, based on the rate of the prior year, the President's budget request, or an appropriation bill passed by either or both chambers of the Congress.

A continuing resolution is a form of appropriation act and should not be confused with the budget resolution.

Crosswalk

Also known as "committee allocation" or "section 302 allocation." The means by which budget resolution spending totals are translated into guidelines for committee action on spending bills. The Budget Committees allocate the budget resolution totals among the committees by jurisdiction. Those committees, in turn, subdivide their allocations among their subcommittees or programs. Crosswalk allocations to the committees appear in the joint explanatory statement accompanying a conference report on the budget resolution. The subdivisions by the committees receiving the allocations are filed with the Senate or House as soon as practicable after the budget resolution is completed.

Current Services Budget

A section of the President's Budget, required by the Budget Act, which sets forth the level of spending or taxes that would occur if existing programs and policies were continued unchanged through the fiscal year and beyond, with all programs adjusted for inflation so that existing levels of activity are maintained. (*See* Baseline.)

Deferral of Budget Authority

An action by the executive branch that delays the obligation of budget authority beyond the point it would normally occur. Pursuant to the Congressional Budget and Impoundment Control Act of 1974, the President must provide advanced notice to the Congress of any proposed deferrals. A deferral may not extend beyond the end of the fiscal year in which the President's message proposing the deferral is made. Congress may overturn a deferral by passing a law disapproving the deferral. (*See* Impoundment Resolution.)

Entitlements

Programs that are set up in a way that obligates the U.S. Government to make specific payments to qualified recipients.

Expenditures

(*See* Outlays.)

Federal Debt

Consists of all Treasury and agency debt issues outstanding.

First Concurrent Resolution on the Budget

(*See* Budget Resolution.)

Fiscal Policy

Federal Government policies with respect to taxes, spending, and debt management, intended to promote the Nation's macroeconomic goals, particularly with respect to employment, gross national product, price level stability, and equilibrium in balance of payments. The budget process is a major vehicle for determining and implementing Federal fiscal policy. The other major component of Federal macroeconomic policy is monetary policy. (*See* Monetary Policy.)

Fiscal Year

A fiscal year is a 12-month accounting period. The fiscal year for the Federal Government begins on October 1 and ends on September 30. The fiscal year is designated by the calendar year in which it ends; for example, fiscal year 1985 is the year beginning October 1, 1984, and ending September 30, 1985.

Functional Classification

A system of classifying budget resources by major purpose so that budget authority, outlays, and credit activities can be related in terms of the national needs being addressed (e.g., national defense, health) regardless of the agency administering the program. A function may be divided into two or more subfunctions depending upon the complexity of the national need addressed by that function. (*See* Budget Authority; Outlays.)

Impoundment

A generic term referring to any action or inaction by an officer or employee of the U.S. Government that precludes the obligation or expenditure of budget authority in the manner intended by Congress. (*See* Deferral of Budget Authority; Rescission of Budget Authority.)

Impoundment Resolution

Section 1013(b) of the Congressional Budget and Impoundment Control Act of 1974 permits either chamber of Congress to adopt an impoundment resolution to veto a deferral of budget authority proposed by the administration. However, in 1983 the Supreme Court held that a one-House legislative veto is unconstitutional because it constitutes a legislative action without having been passed by both chambers of Congress and signed into law by the President. (*INS* v. *Chadha*, U.S. (1983).) As a result, Congress now disapproves deferrals in appropriations laws.

Mark-Up

Meetings where congressional committees work on the language of bills or resolutions. At Budget Committee mark-ups, the House and Senate Budget Committees work on the language and numbers contained in budget resolutions.

Monetary Policy

Management of the money supply, under the direction of the Board of Governors of the Federal Reserve System, with the aim of achieving price stability and full employment. Government actions in guiding monetary policy, include currency revaluation, credit contraction or expansion, rediscount policy, regulation of bank reserves, and the purchase and sale of Government securities. (*See* Fiscal Policy.)

Off-Budget Federal Entities

Certain federally owned and controlled entities whose transactions have been excluded from budget totals by specific provisions of law. The fiscal activities of these entities are not reflected in the budget authority, budget outlay, deficit, or suplus totals. However, the outlays of off-budget Federal entities add to the Federal debt. (*See* Unified Budget.)

Offsetting Receipts

Collections from transactions with the public that result from sale of products or services rendered (such as sale of timber from Federal lands or entrance fees for national parks). Offsetting receipts are deducted from total budget authority and outlays rather than added to Federal revenues.

Outlays

Outlays are disbursements by the Federal Treasury in the form of checks or cash. Outlays flow in part from budget authority granted in prior years and in part from budget authority provided for the year in which the disbursements occur.

The term "expenditures" is frequently used interchangeably with the term outlays. (*See* Budget Authority.)

President's Budget

The document sent to Congress by the President in late January or early February of each year, requesting new budget authority for Federal programs and estimating Federal revenues and outlays for the upcoming fiscal year.

Revenues

Collections from the public arising from the Government's sovereign power to tax. Revenues include individual and corporate income taxes, social insurance taxes (such as social security payroll taxes), excise taxes, estate and gift taxes, customs duties, and the like.

Reconciliation Process

A process in which Congress includes in a budget resolution "reconciliation instructions" to specific committees, directing them to report legislation which changes *existing* laws, usually for the purpose of decreasing spending or increasing revenues by a specified amount by a certain date. The reported legislation is then considered as a single "reconciliation bill."

Under the Congressional Budget and Impoundment Control Act of 1974, reconciliation was to be a relatively minor procedure late in September to reconcile laws and bills to the second budget resolution totals adopted by September 15. However in 1980, Congress began to include reconciliation instructions in the first budget resolution as a major component of the budget process.

Rescission of Budget Authority

Cancellation of budget authority before the time when the authority would otherwise cease to be available for obligation. The rescission process begins when the President proposes a rescission to the Congress for fiscal or policy reasons. Unlike the deferral of budget authority which occurs *unless* Congress acts to disapprove the deferral, rescission of budget authority occurs *only if* Congress acts within 45 days of continuous session to enact the rescission. (*See* Deferral of Budget Authority; Impoundment.)

Scorekeeping

Procedures for tracking the status of congressional budgetary actions. Scorekeeping data published by the Congressional Budget Office include status reports on the effects of congressional actions and comparisons of these actions to targets and ceilings set by Congress in the budget resolutions.

Second Concurrent Resolution on the Budget

(*See* Budget Resolution.)

Supplemental Appropriation

An act appropriating funds in addition to those in the 13 regular annual appropriation acts. Supplemental appropriations provide additional budget authority beyond the original estimates for programs or activities (including new programs authorized after the date of the original appropriation act) in cases where the need for funds is too urgent to be postponed until enactment of the next regular appropriation bill. (*See* Appropriation Act.)

Tax Expenditures

Revenue losses attributable to a special exclusion, exemption, or deduction from gross income or to a special credit, preferential rate of tax, or deferral of tax liability.

Unified Budget

Describes the way the Federal budget is currently displayed. This display includes revenues and spending for all regular Federal programs and trust funds such as social security and medicare except programs specifically excluded from the budget totals by law. (*See* Off-Budget Federal Entities.) This method of budget display has been used since 1969. Prior to that time the trust funds were excluded from budget totals.

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